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Belgium restructures financial regulation

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Belgium has restructured its financial services regulation, with its National Bank taking on greater responsibilities and the introduction of the FSMA, which will take over from current regulator, the CBFA.

The new bipartite model, known as the Twin Peaks model, came into force on 1 April and is aimed at bringing the country's supervisory structure in to line with other structures introduced across Europe since the financial crisis in 2008.

A joint statement from the National Bank of Belgium and the Financial Services and Markets Authority said the model's two major objectives for the supervision of the financial sector are:

- Maintaining the macro- and microeconomic stability of the financial system, which falls within the competence of the National Bank of Belgium.
- Ensuring that market processes are equitable and transparent, that relationships between market participants are appropriate and that clients are treated honestly, fairly and professionally (notably from the perspective of rules of conduct), tasks which fall henceforth within the competence of the FSMA, formerly the CBFA.

The changes will mean that the National Bank, which previously already monitored macroeconomic developments, will now also have individual responsibility for a number of institutions within the financial system. This includes (not exclusively), credit institutions, including financial services groups, investments firms that have stockbroking status, insurance companies, surety companies and clearing institutions.

Meanwhile, the FSMA has been given six principle tasks. These are:

1. Supervision of the financial markets;
2. Supervision of rules of conduct;
3. Supervision of financial products;
4. Financial education of the public;
5. Supervision of institutions for occupational retirement provision;
6. Supervision (including, where applicable, compliance with anti-money laundering legislation) of various financial actors: intermediaries in banking services, insurance intermediaries, management companies of undertakings for collective investment, portfolio management and investment advice companies, and currency exchange offices (bureaux de change).

The statement added that the main powers exercised by the FSMA will be over the supervision of the rules governing a number of financial activities. This will include, not exclusively, supervision of takeovers, insurance and reinsurance intermediaries, intermediaries in banking and investment services, undertakings for collective investments and investment firms.

The new model is similar to that set to be adopted in the UK, where the Bank of England will continue to have macroeconomic control but will also micro prudential control for markets and its participants through the Prudential Regulation Authority. The UK government will also introduce a Consumer Protection and Markets Authority and a further separate entity to tackle financial crime.

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